GOVERNMENT OF INDIA
PLANNING
LOK SABHA

UNSTARRED QUESTION NO:4636
ANSWERED ON:18.12.2002
REGIONAL IMBALANCES
RAGHUVANSH PRASAD SINGH

Will the Minister of PLANNING be pleased to state:

(a) whether the Union Government have reviewed the financial condition of the States;

(b) if so, the outcome thereof; and

(c) the action taken by the Government to remove the regional imbalance in this regard?

Answer

THE MINISTER OF STATE OF THE MINISTRY OF SMALL SCALE INDUSTRIES, MINISTER OF STATE IN THE MINISTRY O PERSONNEL, PUBLIC GRIEVANCES & PENSIONS, MINISTER OF STATE IN THE MINISTRY OF PLANNING AND MINISTER OF STATE IN THE DEPARTMENTS OF ATOMIC ENERGY AND SPACE (SHRIMATI VASUNDHARA RAJE)

(a) to (c) : The financial condition of the States are reviewed periodically during the Annual Plans as well as during the mid term review of the Five Year Plans. Based on these reviews, the States are provided Central Assistance to supplement their own resources for Plan financing which inter-alia aims to remove the regional imbalances between the States. Central Assistance to States comprises of Normal Central Assistance (NCA) under Gadgil Formula, Additional Central Assistance (ACA) for Externally Aided Projects (EAPs) and ACA for various Special and Other Programmes. Further, in pursuant to the recommendations of the Eleventh Finance Commission (EFC), the Ministry of Finance has drawn up a Scheme of Medium Term Fiscal Reform Plans (MTFRP), which inter-alia, aims at restoration of the financial health of the State Governments. All these measures by the Union Government are aimed to remove the regional imbalances.